

# **MINUTES**

## **BUDGET WORK SESSION OF THE NEWTON CITY COUNCIL – MAY 25, 2010**

The second Fiscal Year 2010-2011 Budget Work Session of the Newton City Council was held on Tuesday, May 25, 2010 at 5:15 p.m. in the Council Chambers at City Hall with the following present: Mayor Robert A. Mullinax and Council Members Wayne Dellinger, Mary Bess Lawing, Tom Rowe, Bill Lutz, Robert C. Abernethy, Jr. and Mayor Pro Tem Anne Stedman.

Also in attendance were City Manager Todd Clark, City Attorney Larry Pitts, City Clerk Beunice R. "Bootsie" Roberts, members of the Management Team, and City Department Heads.

### **CALL TO ORDER – ROBERT A. MULLINAX:**

Mayor Mullinax reconvened the recessed meeting of the May 20, 2010 Budget Work Session to hold the second Fiscal Year 2010-2011 Budget Work Session. He welcomed everyone to the Budget Work Session and called upon Finance Director Serina Hinson and City Manager Clark to begin his or her recommendations on the Fiscal Year 2010-2011 Budget.

Finance Director Hinson distributed the addendums to the budget for the Mayor and Council Members, and explained each change as recommended, and the request for additional information. Mayor Mullinax encouraged the Council to keep all documents for further review, that they were immediate answers to the questions that were asked during the last Budget Work Session.

Mayor Mullinax gave instructions on how he would like the meeting to run. He said that the citizens of Newton should understand that the Council has reviewed each line item of this budget and each citizen has had an opportunity to hear any expenditure as recommended by the Staff.

### **PUBLIC WORKS ADMINISTRATION:**

Finance Director Serina Hinson reported that the Public Works Administration recommended budget is \$139,850, a decrease of \$30,900 from the prior year. Mrs. Hinson said that there are no capital and non-capital expenditures recommended within the budget. Finance Director Hinson said that the majority of the difference is from the current year's capital outlay of \$56,000. She reviewed forty-two (42) line items from Salaries & Wages - Regular to Reserve.

After a brief discussion, there were questions asked on the **Service/Maintenance Contract – Equipment, Insurance, Capital Outlay – Data Processing Equipment, Capital Outlay – Motor Vehicles, Capital Outlay – Other Equipment, and Installment Purchase – Vehicle** line items. Council Member Mary Bess Lawing asked if there is an essential need for a new plotter, which was removed from the budget this year, and how is the plotter used. Director of Public Works and Public Utilities Wilce Martin said that the plotter is used for the City's entire mapping of power poles, water and sewer lines, electric lines, etc. Mr. Martin said that the plotter was removed from the budget and that the Staff can wait one more year to purchase a new plotter.

He said that the existing plotter came from the Planning Department and has been repaired several times. Planning Director/Assistant City Manager Glenn J. Pattishall said that the plotter at Public Works is thirteen (13) years old and depending on what is broken, that it could cost approximately \$500 or more to have it repaired.

### **PUBLIC WORKS GARAGE:**

Finance Director Serina Hinson reported that the Public Works Garage recommended budget is \$127,200, a decrease of \$21,900 from the prior year. Mrs. Hinson said that there are no capital and non-capital expenditures recommended within the budget. Mrs. Hinson said that the capital outlay in last year's budget is the reason for the decrease. She reviewed thirty-three (33) line items from Salaries & Wages - Regular to Reserve.

After a brief discussion, Council Member Wayne Dellinger wanted to discuss further the increase in the **Electric Expense City** for \$16,000. Finance Director Hinson said that the Electric Expense City is expenses from the prior year (\$13,500), and that the amount appropriated for the current year was not enough. She said the \$16,000 was more in line with what it should have been in previous years. There was some concern about the **Building Repair/Maintenance** and **Water and Sewer Expense** line items. Director of Public Works and Public Utilities Wilce Martin said that there would be new doors purchased for the garage and roof repairs in the shop. He said that as far as the Water and Sewer, that meters were installed, but not budgeted for the wash stations. Mr. Martin said other than the City, Catawba County uses the wash station for its vehicles.

### **PUBLIC WORKS – STREETS AND DRAINAGE:**

Finance Director Serina Hinson reported that the Public Works – Streets and Drainage recommended budget is \$854,950, an increase of \$208,200 from the prior year. Mrs. Hinson said that the difference is due to street projects and **Capital Outlay** within the budget. She reviewed thirty-nine (39) line items from Salaries & Wages - Regular to Lease Purchase Interest.

Council Members Rowe and Dellinger questioned the **Capital Outlay** items proposed in the budget - flail mower, dump truck, and culvert replacement on North Ashe Avenue. Several questions were raised which included, (1) The number of dump trucks the City owns, (2) the age of the current flail mower (20 years old), and (3) Would it be better to purchase a tandem truck because it can carry more material and save time. Council Member Bill Lutz suggested purchasing a used dump truck.

Council Member Dellinger said if a tandem dump truck could be purchased this year, could the Staff get by without purchasing another dump truck next year. Council Member Dellinger asked that prices be researched on new and used tandem dump trucks and bring back before the Council.

Mayor Pro Tem Anne Stedman mentioned purchasing **sewer camera**, which Mr. Martin said that it is included in the Water and Wastewater Fund. Additional discussion was held on the **Equipment Repair Maintenance** for \$6,000. Mr. Martin said that this line item would include tires for the backhoe and grading equipment and/or other repairs as needed.

Mayor Mullinax asked how many culverts has the City repaired this past year. Council Member Dellinger asked what would be the cost for the City repairing the culverts versus contracting it out. Mr. Martin said that the City would not be able to do the repairs to the N. Ashe Avenue culvert due to the nature of the work involved, and that more than a dozen culverts have been repaired throughout the City.

### **PUBLIC WORKS SANITATION:**

Finance Director Serina Hinson reported that the Public Works Sanitation recommended budget is \$1,036,050, a decrease of \$2,600 from the prior year. Finance Director Hinson said that there are no capital and non-capital expenditures recommended within the budget. Finance Director Hinson reviewed twenty-eight (28) line items from Salaries & Wages - Regular to Reserve.

A brief discussion was held on the **Purchase for Resale, Fleet Fuel Charges**, and **County Landfill Fees** line items for information only. No specific concerns presented.

### **PUBLIC SAFETY – LAW ENFORCEMENT:**

Finance Director Serina Hinson reported that the Public Safety – Law Enforcement budget is \$2,651,950, a decrease of \$167,615 from the prior year. Mrs. Hinson said that there are capital and non-capital expenditures for three (3) Tasers (\$3,200) and four (4) Patrol Vehicles and one (1) Administration Police Vehicle (\$191,000) recommended within the budget. Finance Director Hinson reviewed fifty-two (52) line items from Salaries & Wages - Regular to Reserve.

There was a brief discussion on the Education Incentive Pay, Capital Outlay items – four patrol vehicles and one administration vehicle, Tasers, which Council Member Robert C. Abernethy, Jr. said that reviews have found Tasers to be unsafe and there is a new type of Taser that can be loaded into a shotgun. He asked Chief Brown if he has researched the new Tasers. Chief Brown said that he has not researched the new Tasers, but could see some issues with the new Tasers.

Council Member Tom Rowe asked about the mileage limitation on the patrol cars before they are surplus. Chief Brown said that most of the vehicles have at least 100,000 miles on them.

A lengthy discussion was held on the trading of firearms. Chief Brown said he hopes to make a presentation to the Council in the future about trading weapons that have been seized for new weapons for the officers. He said that there are 70 other weapons that the Police Department has acquired through the court system that could be used for trading purposes, other than using city-owned weapons. City Manager Clark said that there is no expenditure in this budget to purchase new firearms.

### **PUBLIC SAFETY LAW ENFORCEMENT – CIVILIANS**

Finance Director Serina Hinson reported that the Public Safety Law Enforcement – Civilians recommended budget is \$523,400, an increase of \$19,400 from the prior year. Mrs. Hinson said that there are no capital and non-capital expenditures recommended within the budget. She reviewed eleven (11) line items from Salaries & Wages - Regular to Indirect Cost Reimbursement. There were no specific questions or discussion.

## **PUBLIC SAFETY – FIRE:**

Finance Director Serina Hinson reported that the Public Safety – Fire is presenting a consolidated budget with Catawba County. She said that the consolidated recommended budget is \$2,067,150, a decrease of \$32,625 from the prior year consolidated budget. Finance Director Hinson said that there are capital and non-capital expenditures recommended within the budget which include Air-cylinders (\$3,150), Fire Nozzles (\$30,100), pay-as-you-go, and a new roof at Station #2 (\$20,000). Finance Director Hinson reviewed sixty-two (62) line items from Salaries & Wages - Regular to Reserve.

Discussions were held on the following line items, **Non-Capital Outlay, Retirement Contribution**, which should have been \$85,900 in the budget booklet, but noted as \$69,850. The line item did not include the \$16,050 from the (part-time) retirement contribution, which should have been added to the \$69,850 for a total of \$85,900. Also discussed was the **Installment Purchase – Vehicle and Installment Purchase – Equipment** line item, which Chief Yoder explained that it includes purchases that were purchased in prior year such as, new air monitors and the first payment for the generator at Fire Station #3.

Council Member Robert C. Abernethy, Jr. questioned the **Salaries and Wages – Overtime** line item, which Chief Yoder explained that it was a combination of funds saved when the Staff used the ARRA Workers and Sleep-time.

Council Member Abernethy questioned the **Education Incentive Pay**, which was explained by Chief Yoder and reported that the Education Incentive Pay is currently frozen.

## **PARKS, RECREATION & FACILITIES –MUNICIPAL BUILDINGS:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Municipal Buildings recommended budget is \$206,000, a decrease of \$36,350 from the prior year. Mrs. Hinson said that there are no capital and non-capital expenditures recommended within the budget. Parks & Recreation Director Sandra Waters said that the decrease was because of not performing building improvements to the stucco at City Hall. Finance Director Hinson reviewed twenty-one (21) line items from Janitorial Supplies to Reserve. Noted discussions on the Parks, Recreation & Facilities – Municipal Buildings budget were on **Other Services** and **Capital Outlay - Building Improvements** line items.

Mayor Mullinax asked Parks and Recreation Director Sandra Waters to explain the **Other Services** line item. Parks and Recreation Director Waters informed the Council that the contract for the City's Janitorial Services was re-bid and the previous janitorial company (Shamrock) was awarded the contract. She said that there were changes in the janitorial service schedule from five days, to three days, to two days per week, which resulted in a savings of \$20,000. Parks and Recreation Director Waters said that most of the employees were happy about Shamrock's return.

Council Member Mary Bess Lawing asked would it be detrimental not to fix the stucco at City Hall, that this improvement has been discussed for two years. Parks & Recreation Director Waters informed the Council that she and City Manager Clark have discussed this issue, and because of the economy and the building is not in very bad condition, the building improvements could wait another year.

## **PARKS, RECREATION & FACILITIES - ADMINISTRATION:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Administration recommended budget is \$755,800, a decrease of \$69,900 from the prior year. Mrs. Hinson said that there are two non-capital expenditures recommended within the budget, a water heater (pay-as-you-go process) and lighting at the upper and lower level parking lots at the main Recreation Center.

Finance Director Hinson reviewed fifty-one (51) line items from Salaries & Wages – Regular to Reserve. Noted discussions on the Parks, Recreation & Facilities – Administration budget were on the **Non-Capital Expenditures, Reproduction Costs, and Bond Principal** line items.

Parks and Recreation Director Sandra Waters explained the process for installing new lighting on the upper and lower levels of the parking lots at the main Recreation Center. She said that there would be new lights, using the existing lighting fixtures. She said that the lights are at least twenty-five (25) years old. City Manager Todd Clark said that both parking lots are very dark and the light replacements are a safety issue. For clarification purposes only, explanations were given on the Reproduction Costs line item increase from \$2,200 to \$5,000, which Parks and Recreation Director Waters said that it was associated with the cost for the Xerox copier, and the Bond Principal line item for \$22,750 which is associated with the general obligation debt, which 2012 will be the last year to pay on the general obligation debt.

## **PARKS, RECREATION & FACILITIES – CENTRAL RECREATION CENTER:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Central Recreation Center recommended budget is \$69,250, a decrease of \$265,500 from the prior year. Parks and Recreation Director Waters said that the HVAC for the Central Recreation Center was in the current year budget, but Mrs. Hinson said that there are no capital or non-capital expenditures recommended within the budget.

Finance Director Hinson reviewed twenty-nine (29) line items from Salaries & Wages – Part Time to Lease Purchase Interest. The Council inquired about the demolition project of the old Central High School cafeteria, which was scheduled to be completed by the end of the week according to City Manager Todd Clark. Discussions were held on the **Water and Sewer Expense, Building Repair/Maintenance, and Installment Purchase-Facility Improvements** line items.

Parks and Recreation Director Waters mentioned the large amount in the current budget versus the recommended amount for the FY 2011 reflects the asbestos and demolition project and the Capital Outlay – Paving reflects the paving project where the cafeteria stood. **The Installation Purchase – Facility Improvements** line item reflects a combination of things - the previous debt obligation, installation of ADA sidewalks, new lights for the gym, and purchasing a weed eater.

Mayor Pro Tem Anne Stedman asked about the Water Expense line item regarding the increase in the water. Parks and Recreation Director Sandra Waters said that a section of facility is being used for the Head Start Program and the children and Staff there use the water. Parks and Recreation Director Waters said that there are 94 children enrolled in the Head Start Program and known to be the largest Head Start Program in Catawba County. She

also said that the Recreation Center is used daily for numerous activities, as well as, for community events.

### **PARKS, RECREATION & FACILITIES – PARKS:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Parks recommended budget is \$152,900, a decrease of \$34,000 from the prior year. Finance Director Hinson said that there are no capital or non-capital expenditures recommended within the budget.

Finance Director Hinson reviewed thirty-two (32) line items from Salaries & Wages – Regular to Lease Purchase Interest. A discussion was held on the **Grounds Repair/Maintenance** line item. Parks and Recreation Director Sandra Waters explained what the line item included which were: playground equipment for the Northside Broyhill Park, replacement of sidewalk at Southside Park, re-lamp the Ballfield at Northside Park, contracted out for seed and fertilizer at Jacob Fork Park and installed security lights at Jacob Fork Park. Parks and Recreation Director Sandra Waters said that she would like to plan for a grand opening of the Jacob Fork Park in July in conjunction with National Recreation Month, but the canoe launch is already open. She said that there are several pieces of equipment needed such as signs, bleachers, and trash receptacles.

Mayor Mullinax asked if the Staff has tried to obtain sponsorship for signs at Jacob Fork Park. Parks and Recreation Director Sandra Waters said that efforts have been made, but people are not interested. She said that the signs for Jacob Fork Park could cost in the price range of \$300-\$500 depending on the type.

There was a brief discussion generated by Council Member Wayne Dellinger on installing a new gate below the park to keep people from the water intake. Ms. Waters said that the water intake is already closed off from the public. City Manager Todd Clark said that the Staff is not contemplating installing a new gate at this time in order to see what the usage would be first.

Council Member Mary Bess Lawing generated a discussion on charging a fee for non-residents to use the new Jacob Fork Park. Parks and Recreation Director Waters said that if a park project receives State Grant funding, that according to the grant's rules and regulations, no one could be charged to use the facility. She said that people could be charged during a special event such as a ball game, but on a day-to-day basis, they could not.

Council Member Wayne Dellinger asked if the City received grants for Southside Park. Parks and Recreation Director Sandra Waters said that Southside, Northside, Westside, and Jacob Fork Park received State grant funding.

### **PARKS, RECREATION & FACILITIES – MUNICIPAL POOL:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Municipal Pool recommended budget is \$30,950, a decrease of \$57,200 from the prior year. Mrs. Hinson said that there are no capital or non-capital expenditures recommended within the budget. Parks and Recreation Director Sandra Waters said that the decrease is because of the recommendation to not open the swimming pool this summer.

Finance Director Hinson reviewed twenty-two (22) line items from Salaries & Wages – Regular to Lease Purchase Interest.

Discussions were held on the **Chemical and Supplies** and **Installment Purchase – Facility Improvement** line items. City Manager Todd Clark said that the Recreation Staff still has to maintain a chemical level in the pool even if it is not being used. He said that the swimming pool is a plaster pool, which requires a minimum amount of chemicals to maintain the chlorine level. Mayor Mullinax disagreed with the cost for the chemicals for the swimming pool and it not being in service. Parks and Recreation Director Waters said that she would investigate that line item further to see if the cost could be decreased, but informed the Council that the cost of chemicals have increased as well. She also said that the weather plays a big part on the chlorine, that it burns out quickly if the weather is hot and will need replenishing.

Council Member Robert C. Abernethy, Jr. asked if Installment Purchase – Facility Improvements was the new type of drain system for the swimming pool. Finance Director Serina Hinson said that the Installment Purchase – Facility Improvements was for existing capital items.

Council Member Robert C. Abernethy, Jr. said that the requirements and regulations for public and private swimming pools are becoming a major issue and asked if this was a reason to close the pool. Parks and Recreation Director Waters said that the biggest issue for the swimming pool closing is because of the attendance from the Day Camps and Day Care Centers. She said that the camps and day care centers attendance is down more than it was last summer. She said that these facilities made up 60%-70% of the participation in the swimming pool each summer. With the cost to maintain the pool and hiring summer staff, that the department would not benefit from having the swimming pool open this summer with the attendance being down.

### **PARKS, RECREATION & FACILITIES – CEMETERIES:**

Finance Director Serina Hinson reported that the Parks, Recreation & Facilities – Cemeteries recommended budget is \$223,400, a decrease of \$9,950 from the prior year. Mrs. Hinson said that there are no capital or non-capital expenditures recommended within the budget.

Finance Director Hinson reviewed thirty-three (33) line items from Salaries & Wages – Regular to Reserve.

The Council discussed briefly the **Purchase for Resale** and **Miscellaneous Supplies** line items. Parks and Recreation Director Sandra Waters explained for information purposes that the two line items covered the Living Tree Memorials Program, plaques for the benches downtown, and any other items related to these programs. She said that the programs are a wash in financial recording because of the fee that is charged when a tree or plaque is requested.

There was a brief discussion on the number of grave plots sold at Southside Cemetery since July 1, 2009. Parks and Recreation Director Sandra Waters said that eight (8) grave plots were sold from July 1, 2009 to the present at the Southside Cemetery for a total of \$9,600, collected \$3,000 for Central Cemetery grave plots, and collected \$80.00 for cemetery grave plot transfers for a grand total of \$12,680 this current year. Council Member Bill Lutz

asked the cost for the grave plots in both cemeteries. Parks and Recreation Director Waters said that the grave plots at Southside Cemetery cost \$1,200 for City residents and \$2,400 for non-residents; at Central Cemetery \$500 for City residents and \$1,000 for non-residents.

There being no further business to discuss, Mayor Mullinax recessed the May 25, 2010 Budget Work Session until 5:15 p.m. on Thursday, May 27, 2010 in the Council Chambers at City Hall for the third Fiscal Year 2010-2011 Budget Work Session.

Respectfully submitted by:

Robert A. Mullinax, Mayor

Beunice R. (Bootsie) Roberts, CMC/City Clerk



# MINUTES

## BUDGET WORK SESSION OF THE NEWTON CITY COUNCIL – MAY 27, 2010

The third Fiscal Year 2010-2011 Budget Work Session of the Newton City Council was held on Thursday, May 27, 2010 at 5:15 p.m. in the Council Chambers at City Hall with the following present: Mayor Robert A. Mullinax and Council Members Wayne Dellinger, Mary Bess Lawing, Tom Rowe, Bill Lutz, Robert C. Abernethy, Jr. and Mayor Pro Tem Anne Stedman.

Also in attendance were City Manager Todd Clark, City Attorney Larry Pitts, City Clerk Beunice R. “Bootsie” Roberts, members of the Management Team, and City Department Heads.

### PLANNING & ECONOMIC DEVELOPMENT:

Finance Director Serina Hinson reported that the Planning & Economic Development recommended budget is \$221,250, a decrease of \$5,750 from the prior year. Mrs. Hinson said that there are no capital or non-capital expenditures recommended within the budget.

Finance Director Hinson reviewed thirty-three (33) line items from Salaries & Wages – Regular to Reserve.

The Council discussed the **Professional Services – Other, Education and Program Supplies, Code Enforcement Activities, GIS CO-OP Agreement, and Dues and Subscriptions** line items. Planning Director/Assistant City Manager Glenn J. Pattishall explained to the Council that the Professional Services – Other line item is associated with the Façade Grant and the Main Street Makeover Programs. He further explained to Council that the Education and Program Supplies are for the Stormwater Program and permit requirements in conjunction with working with other cities; that the Code Enforcement Activities amount for \$1,500 covered the mailing of notices during the year for specific meetings; and the GIS CO-OP Agreement line item involves participating with Catawba County in maintaining the GIS System. He said that the City would not participate in a flyover this year because of the cost factor and the economy.

Planning Director/Assistant City Manager Glenn J. Pattishall said that the Dues and Subscription line item included special material used for the Stormwater Program, which the Planning and Economic Development Department currently administers, and participating with local governments in the region to provide educational information to a broader audience and to give the City more exposure from a regional standpoint.

Mayor Mullinax commented that in the future, there might be a need to incorporate a Stormwater charge. He said that the Stormwater Program is a State, unfunded mandate and it would be prudent to keep track of the cost for the Stormwater Program from the beginning to the present. Planning Director/Assistant City Manager Pattishall said that a tracking system has been developed by his Staff and is currently being used.

Council Member Wayne Dellinger asked if the City had to participate in the Stormwater Program this year. Mr. Pattishall said that there is money in the budget for the

Stormwater Program. He said that if the City was not involved in a regional setting, that it could still meet the Stormwater requirements.

### **PLANNING – PARKING LOTS:**

Finance Director Serina Hinson reported that the Planning –Parking Lots recommended budget is \$7,950, the same as the prior year. Mrs. Hinson said that there are no capital or non-capital expenditures recommended within the budget.

Finance Director Hinson reviewed three (3) line items from Signs & Supplies – Rent of Land – Taxes.

Mayor Mullinax asked about the meetings schedule of the Off-Street Parking Committee. Council Member Wayne Dellinger said that the Off-Street Parking Committee has been meeting twice a year. He said that the Off-Street Parking Committee is finally making money.

No changes in the budget and no further discussion.

### **PUBLIC UTILITIES WATER & WASTEWATER FUND – REVENUES:**

Finance Director Serina Hinson reported that the Public Utilities Water and Wastewater Fund - Revenues recommended budget is \$6,123,200.

Finance Director Hinson reviewed thirty-eight (38) line items from Recovery of Bad Debts to Service Charge – Late Penalty.

The Council discussed the **Reimbursement of Cost, Water Tank Cellular Rentals, Sewer Charges – Inside, Sewer Charges – Septic Haulers, and Sewer Surcharge – BOD** line items.

Director of Public Works and Public Utilities Wilce Martin reviewed the line items in question. In regards to the Reimbursement of Costs line item, Finance Director Hinson said that it involved a contract with the City of Conover and for other reimbursements that the City receives.

Mayor Mullinax said that the water tank would stay up for one more year and asked the status of the tank rental. City Manager Todd Clark said that in regards to the Water Tank Cellular Rentals, that the Staff has had a company to express an interest in the tank in addition to the company currently renting the tank. In reference to the Sewer Charges – Septic Haulers line item, Director of Public Works and Public Utilities Martin said that the \$99,400 amount covers the private septic haulers within the County that come to the City's wastewater treatment plant to dump their tanks.

Council Member Wayne Dellinger questioned the Surcharge – BOD line item being decreased by half the amount in prior year. Director of Public Works and Public Utilities Wilce Martin said that the cost is for tests required for industrial users performed every five years, instead of every year. He said that there would not be a test this year. Mayor Mullinax questioned the decrease of \$3,375,950 in the recommended budget for Fiscal Year 2010-

2011. Finance Director Serina Hinson gave a breakdown of totals included in the difference, which were \$2 million from proceeds from the borrowing for the Burris Road Pump Station Project, the transfers from Capital Projects (\$352,950), revenue from operational expenses (\$242,700), and Retained Earnings (\$780,300) to total the \$3,375,950.

#### **PUBLIC UTILITIES WATER & WASTEWATER FUND – SPECIAL APPROPRIATIONS:**

Finance Director Serina Hinson reported that the Public Utilities Water and Wastewater Fund – Special Appropriations recommended budget is \$879,400, which is an increase of \$3,100 from prior year.

Finance Director Hinson reviewed six (6) line items from Other Utility Expense to Purchase for Inventory.

The Council questioned the **Inter-Department Charges – General Fund** line item for \$600,000. Finance Director Serina Hinson said that the Inter-Department Charges – General Fund is indirect charges where the Enterprise Funds are paying the General Fund for services performed within the General Fund for the Enterprise Funds. She said that the services performed affect departments such as, Administration, Governing Board, Finance, etc.

#### **PUBLIC UTILITIES WATER & WASTEWATER FUND – OPERATIONS:**

Finance Director Serina Hinson reported that the Public Utilities Water and Wastewater Fund – Operations recommended budget is \$1,842,050, which is a decrease of \$2,004,850 from prior year. Finance Director Hinson pointed out that prior year budget included the \$2,000,000 for the Burris Road Pump Station project (the expenditure side) and the true difference is \$4,850. Finance Director Hinson said that there are seven (7) non-capital items and two (2) capital items being requested within the budget.

Director of Public Works and Public Utilities Wilce Martin identified each non-capital item, gave the description, and need for each, as well as, for the two capital items.

Finance Director Hinson reviewed forty-seven (47) line items from Salaries & Wages - Regular to Reserve.

Afterwards, the Council discussed the following line items, **General Adjustment, Professional Service – Engineering, Distribution Supplies (Maintenance), Work Zone Safety Supplies, Fleet Maintenance Charges, and Capital Outlay – Other Equipment.**

Finance Director Serina Hinson said that the General Adjustment line item is associated with personnel changes. Director of Public Works and Public Utilities Wilce Martin said that the Professional Service – Engineering line item included the cost for a Water and Sewer Strategic Plan and Rate Study he had mentioned during the annual Council Planning Workshop. There was much discussion on the Water and Sewer Strategic Plan and Rate Study, which Council Member Wayne Dellinger recommended that the Staff wait on the study.

Mayor Mullinax said that the Water and Sewer Strategic Plan and Rate Study would be good if the City was in a cash flowing situation, but felt that it would be inappropriate at this time.

Council Member Mary Bess Lawing commented that a Water and Sewer Strategic Plan and Rate Study would validate the rates, and could help the Staff in explaining the “why” to citizens when there are proposed rate increases.

There was a brief discussion on the use of the equipment used in the work zone areas, the necessary repairs needed for old equipment, and funds needed for the capital outlay items such as the two trench boxes and the sewer camera.

#### **PUBLIC UTILITIES – WATER FILTRATION PLANT:**

Finance Director Serina Hinson reported that the Public Utilities – Water Filtration Plant recommended budget is \$1,498,550, which is an increase of \$9,850 from prior year. Finance Director Hinson reviewed thirty-seven (37) budget items from Salaries & Wages – Regular to Lease Purchase Interest. Mrs. Hinson said that there is one capital item – Raw Water Monitoring Equipment for \$10,000. The Council only discussed the **Professional Services – Engineering** line item. Director of Public Works and Public Utilities Wilce Martin said that the Professional Services – Engineering line item involves the Arc Flash Study requirements for all City facilities. City Manager Clark said that Robert Vise provided the cost for the study from Southeastern Consulting.

#### **PUBLIC UTILITIES – WASTEWATER TREATMENT PLANT:**

Finance Director Serina Hinson reported that the Public Utilities –Wastewater Treatment Plant recommended budget is \$1,460,000, which is a decrease of \$713,950 from prior year. Finance Director Hinson reviewed forty (40) line items from Salaries & Wages – Regular to Lease Purchase Interest, and said that there are no capital or non-capital items within the budget. Again, the Council questioned the **Professional Services – Engineering** line item. Director of Public Works and Public Utilities Martin said that the amount was also for the Arc Flash Study.

#### **PUBLIC UTILITIES – OTHER APPROPRIATIONS:**

Finance Director Serina Hinson reported that the Public Utilities –Other Appropriations recommended budget is \$443,100, which is a decrease of \$670,000 from prior year. Finance Director Hinson reviewed six (6) line items from Bond Principal to Reserve Future Debt Service. She said there are no capital or non-capital items recommended. No specific comments were made during this budget category.

#### **PUBLIC UTILITIES - ELECTRIC FUND REVENUES:**

Finance Director Serina Hinson reported that the Public Utilities – Electric Fund - Revenues recommended budget is \$13,016,800, which is a decrease of \$3,220,300 from prior year. Finance Director Hinson reviewed thirty-four (34) line items from Recovery of Bad Debts to Electric Sales Tax. A lengthy discussion was held on the **Electric Sales – Residential, Electric Sales – Coincident Peak, Electric Cities Real loc Fds Credit, Tier 1 and 2 Customer Relations Program, and Electric Sales Tax** line items. The discussion

involved the shortfall in revenues associated with the Target Distribution Center, electrical load projections, incentive packages, several revenues phased out (Tier 1 & 2), and industrial rate drop offs.

#### **PUBLIC UTILITIES - ELECTRIC SPECIAL APPROPRIATIONS:**

Finance Director Serina Hinson reported that the Public Utilities - Electric Special Appropriations recommended budget is \$808,650, which is a decrease of \$13,250 from prior year. Finance Director Hinson reviewed five (5) line items from Reserve for Liability Insurance Claims to Purchase for Inventory. Finance Director Hinson said there are no capital or non-capital items recommended. No specific comments were made during this budget category.

#### **PUBLIC UTILITIES - ELECTRIC POWER COSTS:**

Finance Director Serina Hinson reported that the Public Utilities –Electric Power Costs recommended budget is \$9,569,000, which is an increase of \$346,150 from prior year. Finance Director Hinson reviewed three (3) line items from 3% Electric Sales Tax to Renewable Energy Expense (REPS). She said there are no capital or non-capital items recommended. No specific comments were made during this budget category.

#### **PUBLIC UTILITIES – ELECTRIC OPERATIONS:**

Finance Director Serina Hinson reported that the Public Utilities –Electric Operations recommended budget is \$2,639,150, which is a decrease of \$259,800 from prior year. Finance Director Hinson reviewed forty-nine (49) line items from Salaries & Wages – Regular to Reserve. Finance Director Hinson said that there is one capital item – Service Truck - recommended for this budget category.

Mayor Mullinax asked for an explanation on the requested amount of \$1,504,600 in the **Capital Outlay – Distribution** line item. City Manager Todd Clark said that \$668,000 was for the new construction of electrical lines from Jacob Fork Park to Startown Road, \$717,900 for 4kV conversion in southwest Newton, and \$118,700 for a new line from the Wastewater Treatment Plant to Smyre Farm Road. Mayor Mullinax asked if the Staff has stopped the 10-Year Conversion Plan, which City Manager Clark said “yes.”

Director of Public Works and Public Utilities Wilce Martin said that this is the City’s seventh year for the conversion project. Mayor Mullinax said that it would be beneficial to the Council to receive a summary of where the City has been with the 10-Year Electrical Conversion Plan because it was a major undertaking. He said that the plan was initially to be \$1 million per year for ten years, and recommended that the Staff present information on (1) What the City has spent, (2) Where the City has converted, and (3) Where the City is now.

#### **PUBLIC UTILITIES – ELECTRIC FUND OTHER APPROPRIATIONS:**

Finance Director Serina Hinson reported that the Public Utilities –Electric Fund Other Appropriations requested budget is \$410,500, which is a decrease of \$9,600 from prior year. Finance Director Hinson reviewed three (3) line items from Reserve to Transfer to Capital Projects. She said there are no capital or non-capital items recommended. No specific comments were made during this budget category.

After the Staff distributed information requested by the Council from previous budget work session meetings, Mayor Mullinax recessed the May 27, 2010 Budget Work Session until 5:15 p.m. on Tuesday, June 1, 2010 in the Council Chambers at City Hall for the fourth Fiscal Year 2010-2011 Budget Work Session.

Respectfully submitted by:

Robert A. Mullinax, Mayor

Beunice R. (Bootsie) Roberts, CMC/City Clerk